

Industry Sector Analysis

SPAIN

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SPAIN TOURISM IN USA

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09/14/2002

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SUMMARY: The Spanish market is an important source of tourists for the United States and one that is projected to greatly increase as more U.S. destinations promote themselves in this country. Spain was the U.S. 6th European market and the 15th largest international market with 325,323 arrivals in 2001. Forecast of visitors from Spain in 2002 is 339,000. According to the U.S. Office of Travel & Tourism Industries, Spanish arrivals to the U.S. in the first quarter of 2002 were six percent above the first quarter of 2001, being “the only overseas market to end the first quarter of 2002 with growth”.

New York, Florida and California continue to be Spaniard’s preferred destinations in the U.S. Other destinations that appeal to the Spanish traveler are Arizona/Nevada (the Grand Canyon and Las Vegas), Colorado, Hawaii, U.S. Virgin Islands, National Parks and Theme Parks.

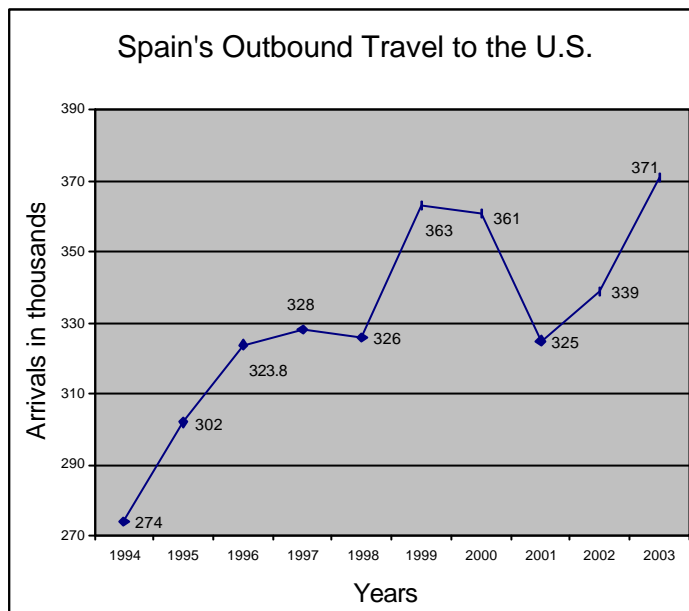
U.S. destinations face strong competition from other countries that invest time and money in promoting their destinations in Spain. U.S. destinations are encouraged to promote themselves actively in this promising market if they wish to attract more visitors from Spain. The U.S. Commercial Service of the U.S. Department of Commerce and the recently created VisitUSA Committee-Spain are ready to provide U.S. destinations and attractions their full support in Spanish promotions or trade events. END SUMMARY.

A. MARKET HIGHLIGHTS & BEST PROSPECTS

Market Profile

The Spanish market is an important source of tourists for the United States and one that is projected to greatly increase as more U.S. destinations promote themselves in this country. Spain is the United States’s sixth European market and 15th largest international market with 325,323 arrivals in 2001 as reported by the Office of Travel and Tourism Industries (OTTI) of the U.S. Department of Commerce. OTTI’s forecast of visitors from Spain in 2002 is 339,000 and that total is projected to

increase to 371,000 by 2003. Compared with other Western European markets for U.S. travel, Spain ranks behind the U.K., Germany, France, Italy and the Netherlands.



Figures for 2002 and 2003 are estimates
Source: OTTI-Office of Travel & Tourism Industries

Since 1994, with 274,597 Spanish travelers visiting the U.S., there has been a steady growth in Spanish travel to the U.S. with 362,848 Spanish tourists visiting the U.S. in 1999. Arrivals in 2000 dropped 0.05 percent. However, the events of September 11, 2001 had their negative impact on Spain's outbound travel, particularly on long-haul travel. Spanish travelers were reported to have more fear of being overseas and not being able to fly back home rather than just the fear of flying. According to OTTI, the number of Spaniards traveling to the U.S. in 2001 dropped 9.9 percent. Although this is a significant drop, it has not been as dramatic as forecasted by OTTI in October 2001, when that office estimated travel from Spain would decrease 18.6 percent. Year 2001 actual figures also compare favorably with visitor decrease from other European countries such as Germany (-24.6 percent), the Netherlands (-21.8 percent), Italy (-19.8 percent), Switzerland (-17.9 percent), France (-14 percent) or the U.K. (-10.7 percent). The average drop from Western Europe was 15.6 percent.

Again according to OTTI, travel from Spain continued to improve after being one of the first markets to reach a recovery point. Spanish arrivals to the U.S. in the first quarter of 2002 were 70,782, six percent over the first quarter of the previous year, being "the only overseas market to end the first quarter of 2002 with growth".

Spanish travel and tourism industry sources also indicate that the market is recovering, however, not as fast as they would like. The first signs of recovery became noticeable during Easter Week 2002 bringing good expectations for the summer season. The first outbound destinations to benefit from this reassurance have been not-too-distant destinations, particularly European countries rather than

long-haul destinations. In spite of the industry's high expectations, travel demand in July was slow. Tour operators have launched new strategies, such as focusing on traditionally favorite destinations and offering discount-fares for advance bookings and many last minute offers expecting that demand in August (the period when the vast majority of Spaniards take their vacation) will confirm the recovery of the industry.

Revenues generated by Spanish visitors to the U.S. in 2000 were 1.330 billion dollars, of which USD 1.094 billion were travel receipts and USD 236 million were passenger fare receipts. (OTTT's latest available data).

In 2002, Spain has seen the birth of the Spanish chapter of the VisitUSA Committee, that was officially established in May 2002. As soon as their organizational period is completed, the promotional activities to be carried out by the Committee - with the full support of the U.S. Commercial Service in Spain - should certainly help recover confidence in travel to the United States and thus increase the number of Spanish visitors to U.S. destinations.

BEST SALES PROSPECTS

Spain remains the fastest growing of the European Union's larger economies. Spain's GDP grew 2.8 percent in 2001, albeit at a slower pace than 2000's 4.1 percent pace. International institutions (IMF, OECD, and EU) project growth to be 2.0 percent for 2002 while private analysts anticipate only a 1.7 percent growth.

Spain's stable economy will enable even more Spaniards to travel abroad in the coming years. With the projected economic stability and an increasing awareness and curiosity about the U.S., in general, especially among the younger people, Spain is a market of opportunity for a wide-variety of U.S. destinations.

The U.S. destinations with the best growth prospects in Spain are:

- New York,
- Florida and,
- California

Other destinations offering good prospects are:

- Arizona/Nevada (the Grand Canyon and Las Vegas),
- Colorado and,
- Hawaii

Additionally, the U.S. Virgin Islands and Indian Reservations, National Parks, and Theme Parks are attractive destinations. With increased promotional efforts by these and other U.S. destinations, the U.S. will remain the most visited long-haul destination by Spaniards.

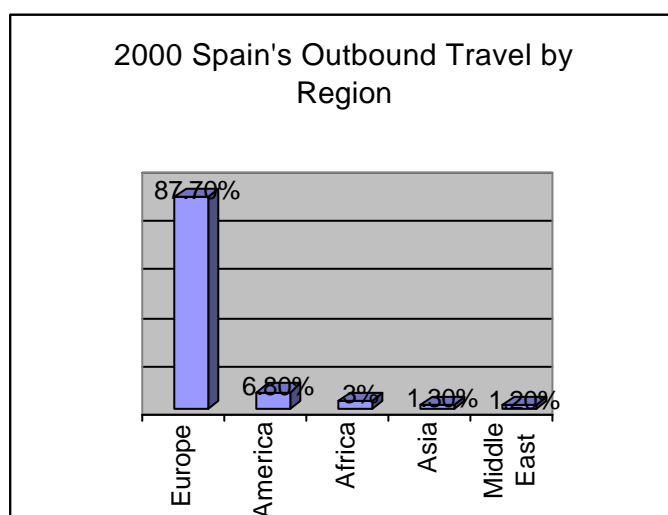
B. COMPETITIVE ANALYSIS

Although Spain is one of the world's top tourism destinations (second most popular world destination in 2001 with 49.5 million visitors and revenues of U.S.\$32.9 billion, according to WTO-World Tourism Organization data), major outbound travel is a relatively new phenomenon among Spanish travelers. Spaniards have traditionally favored domestic holidays and have only begun to travel abroad in the mid- 1970s. This is not surprising given Spain's near perfect combination of historical/cultural sites, sunshine and seaside and mountain resorts.

According to “Familitur” (the report published by the “Instituto de Estudios Turísticos” of the Spanish Ministry of Economy) in 2001, Spaniards made 102 million trips, 38 percent (39 million trips) of which were considered tourism travel and 62 percent mainly short trips to second homes. (A vast majority of Spanish families own a second home either in the mountains, the countryside or at seaside resorts). The report indicates that tourism travel in 2001 increased three percent from previous year. Major domestic destinations were the south of Spain and the Mediterranean coast.

While the “Familitur” report provides ample information on domestic and inbound travel it does not provide much reliable data on outbound tourism. According to this report (2001 data) travel to European destinations represented over 76 percent of all Spanish international arrivals. Neighboring France was the most visited country with 21 percent of all Spanish international arrivals. Other major European destinations were Portugal (13 percent), Italy (8.6 percent), the U.K. (5.1 percent) and Germany (5 percent). Preferred long-haul destinations were Morocco (4.9 percent) and the U.S. (3 percent). South American countries as a whole accounted for another 7.7 percent.

Another source of information on Spanish outbound travel is the World Tourism Organization (WTO). WTO reports 14.8 million Spanish worldwide arrivals in the year 2000 (four percent above the previous year). According to WTO data for 2000, Europe accounted for 87.7 percent of all Spanish worldwide arrivals, America 6.8 percent and Africa 3 percent. Arrivals in Asia/Pacific were 1.3 percent of worldwide arrivals and those in Middle East 1.2 percent.



Source: WTO

Major country destinations were the neighboring Portugal and France followed by Italy, the U.K. and Germany. The most visited outbound destinations was the U.S., followed by Morocco and

Cuba. The table below shows 1999 and 2000 Spanish worldwide arrivals (according to WTO) by region and major destination within region.

SPAIN'S OUTBOUND TRAVEL 1999-2000

World Region	1999	2000	Percent of Total
Country			Travel
TOTAL	14,191,413	14,784,909	100
AFRICA	419,005	450,548	3
Morocco	241,742	255,912	
Tunisia	86,857	102,828	
AMERICAS	989,008	1,002,074	6.8
U.S.	362,848	361,177	
Caribbean	288,575	307,049	
Cuba	146,987	153,197	
Dominican Rep.	137,664	150,188	
ASIA/PACIFIC	195,463	195,790	1.3
EUROPE	12,438,406	12,964,298	87.7
Portugal	5,736,862	5,864,855	
France	3,118,500	3,227,648	
Italy	878,716	1,098,396	
U.K.	829,000	849,000	
Germany	411,473	446,913	
MIDDLE EAST	148,731	172,199	1.2
Egypt	92,817	103,275	

Source: WTO

C. END USER ANALYSIS

Spaniards enjoy up to four weeks of paid vacation every year. Standard practice is to take some days during Christmas and Easter and three weeks in the Summer, mainly in the month of August. A vast majority of Spanish corporations close down for three to four weeks in August. Schools close July through mid-September and while in July there are many camps and organized activities for the children, there are almost none during the month of August. These factors encourage the Spanish population to take their vacations in August.

Vacation trips generate 68 percent of travel by Spaniards while another 14 percent of all trips are visits to friends and relatives and 10 percent is business travel.

Spain's regions that generate most outbound travel are the metropolitan areas of Barcelona and Madrid, the Basque Country and Valencia.

About 23 percent of outbound travelers make their reservations through travel agents and an estimated 31 percent take package tours.

Spaniards tend to travel with their families. About 62 percent of Spaniards traveling abroad do so with their families, another 32 percent as couples and 6 percent travel alone.

Spanish travelers are late planners. They do not plan far in advance when deciding about their vacation destination. At most, they will contact their travel agent a month before their intended departure date. (Also, most tour operators are late – compared with their European counterparts – in publishing their promotional catalogues. Many tour operators publish their summer packages in late April).

Spaniards that travel to the U.S. are generally between 25 and 45 years of age, with an estimated 40 percent belonging to the upper middle class. Length of stay in the U.S. is generally about 7-9 days. At present, half of the Spaniards that travel to the U.S. have already visited the country, at least once. Most Spanish travelers choose the U.S. as a vacation destination while a smaller but growing percentage, visit the U.S. for business or study purposes.

D. MARKET ACCESS

Economic Climate Affecting Travel Abroad

The Spanish outgoing market is wide open. Restrictions are virtually non-existent. Spain is one of the countries under the Visa Waiver Program, thus no visa is required for Spaniards traveling to the U.S. for tourism/business purposes for 90 days or less. For visits exceeding 90 days and/or when traveling to the U.S. for educational, professional or other purposes, Spaniards need to contact the U.S. Embassy in Madrid.

Financing

Spaniards make full use of credit cards when making payment for their vacations and when traveling abroad. Credit cards like VISA, Mastercard and American Express, which are also valid in the United States, are the most widely used by Spaniards.

Currency: U.S. companies should be aware that as of March 1, 2002, the Euro has become the official currency of Spain. The use of Euros is common to twelve E.U. countries: Spain, Austria, Belgium, Finland, France, Germany, Greece, Holland, Ireland, Italy, Luxembourg and Portugal.

Sales channels

According to Spanish government sources, Spain has roughly 3,000 travel agencies, with some 4,500 retail outlets, some 350 hybrid wholesalers/retailers, and around 130 tour operators. Although many wholesalers/tour operators offer the United States as a travel destination, only about 25-30 of them highlight the U.S. as a major tourism destination in their promotional catalogs/brochures.

The industry tends to concentrate in fewer companies through mergers and acquisitions or partnership agreements. According to a recent study made by DBK consulting services, the leading five tour operators in Spain account for 53 percent of the market. Likewise the leading five travel agents account for 33 percent of the retail market. According to DBK report these leading companies are:

LEADING FIRMS:

tour operator

IBEROJET (outbound & inbound)
TRAVELPLAN (outbound)
SOLTOUR (outbound)
TIEMPO LIBRE (outbound, inbound & virtual)
VIVA TOURS (outbound)

major destinations SERVED

Caribbean, Asia, Africa, Europe
America, Asia, North Africa, Europe
Spain, Mexico, Dominican Republic
America, Asia, Africa, Europe, Australia
Worldwide (42 countries)

TRAVEL AGENTS
HALCON VIAJES
VIAJES MARSANS
CWT VIAJES DE EMPRESA

VIAJES EL CORTE INGLES

VIAJES IBERIA

The use of internet is increasing and travel agents have gradually adopted e-commerce to maximize their share of the market. A recent study by the Spanish E-Commerce Association indicates that, in 2000, on-line sales made by travel agents accounted for about one third of the sector's revenues. As airlines make increasing use of internet to sell their own flights, the travel agencies view internet as a great tool to increase their sales of package-tours, hotel reservations and travel insurance services and as an advertising and customer service tool. (A full report on Tourism and E-Commerce in Spain, is available through the U.S. Commercial Service's website www.usatrade.gov).

Hypermarket chain stores are a new phenomena in the travel agency sector. Currently, three major chains (El Corte Ingles, Carrefour and Eroski) have travel agencies in their stores. Together they have some 150 outlets. Sales figures have not been disclosed.

Of the several airlines based in or operating from Spain, four major U.S. carriers (American, Continental, Delta and US Airways) and one Spanish carrier (Iberia) operate direct/non-stop flights from Madrid to major U.S. cities (Atlanta, Chicago, Miami, Newark, New York, Philadelphia and San Juan). In addition, Delta Airlines operates from Barcelona to New York and Atlanta. The

Spanish airline Spanair used to operate a Madrid-Washington DC flight but as a result of September 11th effect on the travel industry, this flight is not in operation in 2002.

Marketing tools:

U.S. destinations face strong competition in Spain with other destinations that invest heavily in promotion in this country. Therefore, U.S. destinations must actively promote themselves among the tour operators and the travel press in this promising market. Most of the current favorite destinations of Spanish tourists have agreements with in-country tour operators, which provide promotional materials, information and assistance to prospective Spanish travelers and travel agencies. Some of these destinations make extensive use of multi-media campaigns highlighting the destination's attractions and points of interest.

Identification of possible local partners can be done through the organization of sales calls trips, workshops and/or destination seminars. Familiarization (FAM) trips (both press and trade) are other effective promotional tools which U.S. companies interested in the Spanish market can use.

Participation in Spain's International Tourism Fair-FITUR provides U.S. tourism companies/entities with the opportunity to promote their services and destinations among the Spanish tourism and international travel trade as well as among prospective Spanish travelers.

Spanish travelers, and more often than not Spanish travel professionals, have limited knowledge of U.S. destinations. However, realizing the great potential of the Spanish market for U.S. destinations, Spanish tour operators are very interested in promoting travel to the U.S. As a result, the United States Commercial Service in Spain (USCS Spain), which has extensive contacts in the Spanish travel industry, intensively promotes travel to the U.S. USCS Spain works with motivated U.S. destinations to arrange FAM trips, workshops/seminars and sales calls to assist Spanish tour operators, travel agents and the travel press to learn more about U.S. destinations.

To further motivate the interest of the Spanish traveler and the professional of the Spanish travel industry, USCS Spain has strongly encouraged the industry to form a Spanish chapter of the VisitUSA Committee. The VisitUSA Committee Spain is a non-profit organization devoted to promoting tourism to the U.S. in Spain. Recently established, it will begin its promotional activities as of September 2002. The Committee has the full support and cooperation of USCS Spain.

U.S. destinations interested in this appealing market are encouraged to make use of the assistance and experienced offered by both USCS Spain and the VisitUSA Committee-Spain.

UPCOMING TRADE SHOWS

FITUR

Madrid, Spain

January 29 – February 2, 2003

FITUR is the largest international tourism trade fair in Spain and Europe's third largest, addressed to the professional of the tourism industry. It takes place every year during the last week of January.

The U.S. has an official pavilion organized by a private U.S. firm, supported and promoted by USCS Spain. A total 8,221 firms from 170 countries exhibited at FITUR 2002, which was attended by 43,326 professional registered visitors (12 percent foreign) and 6,448 journalists (6 percent foreign). The U.S. pavilion at FITUR 2002 consisted of 42 U.S. exhibitors.

Main travel and tourism trade shows attended by representatives of the Spanish tourism industry are:

In the U.S.: POW WOW, La Cumbre
In Europe: World Travel Market, London, UK
ITB, Berlin, Germany

KEY CONTACTS:

The Commercial Service in Spain provides support to U.S. destinations by providing information and customized services. It also publishes an annual "Who's Who" of the tourism industry in Spain, which contains information on tour operators, travel agencies, airlines, representatives of U.S. states in Spain and other significant contacts in the tourism industry in Spain. It also publishes a media guide, which includes information on the Spanish travel trade press, specialized magazines and travel guides in Spain.

U.S. travel and tourism companies/destinations are encouraged to contact:

Mr. Alan Long, Principle Commercial Officer (until 11/02)
Mr. David Hunter, Principal Commercial Officer (from 12/02)
U.S. Commercial Service
American Consulate General
Paseo Reina Elisenda 23
08034 Barcelona
Tel: 34+93 280 2227
Fax: 34+93 205 7705

or Trade Specialists:

In Barcelona:
Ms. Montserrat Canela
The Commercial Service
American Consulate General
Paseo Reina Elisenda 23
08034 Barcelona
Tel: 34+93 280 2227 ext 287
Fax: 34+93 205 7705
e-mail: Montserrat.Canela@mail.doc.gov

In Madrid:
Ms. Helen Crowley

The Commercial Service
American Embassy
Serrano 76
28006 Madrid
Tel: 34+91 564 8976 ext. 2616
Fax: 34+91 563 0859
e-mail: Helen.Crowley@mail.doc.gov

To obtain information about how to promote U.S. destinations in Spain, interested parties may also contact the newly created VisitUSA Committee:

President
VisitUSA Committee Spain
c/o. Sergat Spain
Avda. Pau Casals 4
08021 Barcelona
Tel: 34+93 414 0210
Fax: 34+93 201 8657
e-mail: sergat@sergatspain.com

This report comprises a portion of CS Spain's contribution to the ShowCase Europe series of market research reports focusing on Travel and Tourism. The Tourism & Travel sector is one of the designated strategic sectors under the ShowCase Europe (SCE) Program. For more information on the U.S. Department of Commerce's SCE strategy for promoting exports of America goods and services to Europe, visit its website at www.sce.doc.gov.

For more information on how the Commercial Service can assist U.S. tourism destinations/companies develop their business in Europe, contact:

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U.S. Embassy Long
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Notes:

Sources of information:

- OTTI - Office of Travel & Tourism Industries, U.S. Department of Commerce
- WTO - World Tourism Organization
- Instituto de Estudios Turísticos, Spanish Ministry of Economy
- Spanish travel trade publications
- Industry sources

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TRAD(E) or www.usatrade.gov. Both reports provide timely, customized, reliable answers to your inquiries about a market and its receptivity to your products and services.

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ISA Customer Satisfaction Survey

U.S. Department of Commerce
International Trade Administration
U.S. Commercial Service

The U.S. Department of Commerce would appreciate input from U.S. businesses that have used this ISA report in conducting export market research. Please review the privacy statement / disclaimers at the bottom of this Web site. Please take a few moments to complete the attached survey and fax it to 202/482-0973, mail it to QAS, Rm. 2002, U.S. Department of Commerce, Washington, D.C. 20230, or Email: [Internet\[QASurvey@mail.doc.gov\]](mailto:Internet[QASurvey@mail.doc.gov]).

* * * About Our Service * * *

1. Country covered by report: _____

Industry/title: _____

Commerce domestic office that assisted you (if applicable):

2. How did you find out about the ISA service?

- ☐ Direct mail
- ☐ Recommended by another firm
- ☐ Recommended by Commerce staff
- ☐ Trade/state/private newsletter
- ☐ Department of Commerce newsletter
- ☐ Other (specify): _____

3. Please indicate the extent to which your objectives were satisfied:

- 1-Very satisfied
- 2-Satisfied
- 3-Neither satisfied nor dissatisfied
- 4-Dissatisfied
- 5-Very dissatisfied
- 6-Not applicable

- ☐ Overall objectives
- ☐ Accuracy of information
- ☐ Completeness of information
- ☐ Clarity of information
- ☐ Relevance of information
- ☐ Follow-up by Commerce representative

4. In your opinion, did using the ISA service facilitate any of the following?

- ☐ Decided to enter or increase presence in market
- ☐ Developed an export marketing plan
- ☐ Added to knowledge of country/industry
- ☐ Corroborated market data from other sources
- ☐ Decided to bypass or reduce presence in market
- ☐ Other (specify): _____

5. How likely would you be to use the ISA service again?

- ☐ Definitely would
- ☐ Probably would
- ☐ Unsure
- ☐ Probably would not
- ☐ Definitely would not

6. Comments:

* * * About Your Firm * * *

1. Number of employees: ☐ 1-99 ☐ 100-249 ☐ 250-499
☐ 500-999 ☐ 1,000+

2. Location (abbreviation of your state only): _____

3. Business activity (check one):

- ☐ Manufacturing
- ☐ Service
- ☐ Agent, broker, manufacturer's representative
- ☐ Export management or trading company
- ☐ Other (specify): _____

4. Value of export shipments over the past 12 months:

- ☐ Less than \$10K
- ☐ \$11K-\$100K
- ☐ \$101K-\$500K
- ☐ \$501K-\$999K
- ☐ \$1M-\$5M
- ☐ More than \$5M

May we call you about your experience with the ISA service?

Contact name: _____

Phone: _____

Fax number: _____

Email: _____

Thank you-we value your input!

This report is authorized by law (15 U.S.C. 1512 et seq., 15 U.S.C. 171 et seq.). While you are not required to respond, your

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FORM ITA 4130P-I (rev. 5/95)

OMB. No. 0625-0217; Expires 05/31/02